

SIDE LETTER AGREEMENT

COUNTY OF SONOMA

AND

SERVICE EMPLOYEES INTERNATIONAL UNION LOCAL 1021 (SEIU)

Effective for the period of March 19, 2013 through October 31, 2015

The County of Sonoma and SEIU, 1021 met and conferred and reached agreement concerning an alternative benefit for the two \$100 lump sum County contributions into a Health Reimbursement Arrangement (HRA) for active employees not enrolled in a County sponsored medical plan. This provision is included in Section 8.21 A and C of the 2013 – 2015 Memorandum of Understanding (MOU) between the parties.

Background

Subsequent to the effective date of the 2013 – 2015 MOU between the County and SEIU, the County became aware that contributing to an active employee HRA account for employees not enrolled in a County sponsored medical plan may not be in compliance with the Affordable Care Act (ACA). This was due to the Department of Labor's implementation guidelines that would require that HRA contributions not integrated with other coverage as part of a group health plan must meet all the requirements for health plans. The two \$100 lump sum HRA payments included in Section 8.21 A and C of the 2013 – 2015 MOU do not require an employee to be enrolled in a County sponsored medical plan to receive the contributions.

To avoid potential fines and jeopardizing the tax status of the County's entire HRA plan, the County and SEIU have met and conferred over a replacement benefit and agree to the following provisions contained in this side letter to the MOU for the period of March 19, 2013 through October 31, 2015:

8.21 One-Time, Lump-Sum, Non-Recurring and Non-Pensionable Payments

A. March 19, 2013 – June 30, 2013 Payment

On April 10, 2013, the County shall pay each full-time represented employee with a base pay of up to \$36.50 per hour a one-time, lump sum, non-recurring, and non-pensionable payment of four hundred and fifty-five dollars (\$455.00). On April 10, 2013, the County shall pay each full-time represented employee with a base pay of \$36.51 and higher per hour a one-time, lump sum, non-recurring, and non-pensionable payment of six hundred and eighty-two dollars and fifty cents (\$682.50). In addition, on April 10, 2013, for employees enrolled in a County sponsored medical plan, the County shall contribute into each full-time represented employee's Health Reimbursement Arrangement (HRA), a one-time,

lump sum, non-recurring, and non-pensionable payment of one hundred dollars (\$100.00.) Employees who were not enrolled in a County sponsored medical plan on April 2, 2013, but have since enrolled will receive a one-time contribution of \$100 into an HRA effective December 10, 2013. Employees not enrolled in a County sponsored medical plan will receive a one-time contribution of \$100 into a Flexible Spending Account (FSA) effective January 15, 2014. Each full time employee who terminates employment between April 2, 2013 and January 6, 2014 and does not receive a one-time lump-sum HRA or FSA contribution, will receive a post separation cash payment of \$100 less applicable taxes. For each part-time represented employee, the County shall pay FTE prorated one-time, lump sum non-recurring, and non-pensionable payments.

B. July 1, 2013 – June 30, 2014 Payment

On December 4, 2013, the County shall pay each full-time represented employee with a base pay of up to \$36.50 per hour a one-time, lump sum, non-recurring, and non-pensionable payment of seven hundred and thirty-five dollars (\$735.00). On December 4, 2013, the County shall pay each full-time represented employee with a base pay of \$36.51 and higher per hour a one-time, lump sum, non-recurring, and non-pensionable payment of one thousand and one hundred and two dollars (\$1,102.00). For each part-time represented employee, the County shall pay FTE prorated one-time, lump sum non-recurring, and non-pensionable payments.

C. July 1, 2014-October 31, 2015 Payment

On December 3, 2014, the County shall pay each full-time represented employee with a base pay of up to \$36.50 per hour a one-time, lump sum, non-recurring, and non-pensionable payment of five hundred and twenty-five dollars (\$525.00). On December 3, 2014, the County shall pay each full-time represented employee with a base pay of \$36.51 and higher per hour a one-time, lump sum, non-recurring, and non-pensionable payment of seven hundred and eighty-seven dollars and fifty cents (\$787.50). In addition, on December 3, 2014, for employees enrolled in a County sponsored medical plan, the County shall contribute into each full-time represented employee's Health Reimbursement Arrangement (HRA), a one-time, lump sum, non-recurring, and non-pensionable payment of one hundred dollars (\$100.00.) Employees not enrolled in a County sponsored medical plan will receive a contribution of \$100 into a Flexible Spending Account (FSA) effective January 14, 2015. For each part-time represented employee, the County shall pay FTE prorated one-time, lump sum non-recurring, and non-pensionable payments.

Any other prior or existing understanding or agreements by the parties whether formal or informal regarding the matters specified herein that contradicts this agreement are hereby superseded or terminated in their entirety.

No agreement, understanding, variation, waiver or modification of any of the terms or provisions contained herein shall in any manner be binding upon the parties hereto unless made and executed in writing by the parties hereto and, if required, approved and implemented by the County of Sonoma's Board of Supervisors.

The waiver of any breach, term or condition of this successor Memorandum of Understanding by either party shall not constitute a precedent in the future enforcement of all its terms and provisions.

Nothing in this agreement shall be construed to limit, remove, expand, or in any way alter the existing or future jurisdiction or authority of the Civil Service Commission as provided in Sonoma County Ordinance No. 305-A as amended or as provided in the rules adopted there under.

FOR THE COUNTY:

/s/ Carol Allen
Carol Allen

Date: 11/25/13

Date: _____

FOR SEIU:

/s/ Michael Vilorio
Michael Vilorio

/s/ Tim Tuscany
Tim Tuscany

/s/ Amos Eaton
Amos Eaton

Date: 11/25/13

Date: _____